

Human Rights Watch, Inc.

Financial Statements
Year Ended June 30, 2011

Human Rights Watch, Inc.

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Human Rights Watch, Inc.

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Independent Auditors' Report

Board of Directors
Human Rights Watch, Inc.
New York, New York

We have audited the accompanying statement of financial position of Human Rights Watch, Inc. as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Human Rights Watch, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended June 30, 2010 is presented for comparative purposes only and was extracted from the financial statements of Human Rights Watch, Inc. for that year, on which we expressed an unqualified opinion, dated September 28, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Human Rights Watch, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Human Rights Watch, Inc. as of June 30, 2011, and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

September 30, 2011

Human Rights Watch, Inc.
Statement of Financial Position
(with comparative totals for 2010)

<i>June 30,</i>	2011	2010
Assets		
Cash and cash equivalents (Note 2)	\$ 24,636,942	\$ 18,869,076
Investments, at fair value (Note 3)	74,778,549	59,544,303
Investments in limited partnerships (Note 4)	13,558,554	11,488,387
Contributions receivable, net (Note 5)	97,673,792	20,741,758
Other receivables	1,084,046	862,792
Prepaid expenses and other assets	763,276	343,852
Security deposits	170,952	177,209
Fixed assets, net (Note 7)	2,606,908	1,903,301
	\$215,273,019	\$113,930,678
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,539,105	\$ 2,139,547
Accrued pension expense	97,748	91,554
Deferred rent	581,240	674,632
Deferred revenue	21,480	22,575
Total Liabilities	3,239,573	2,928,308
Commitments (Note 11)		
Net Assets:		
Unrestricted (Note 2)	7,834,737	5,955,114
Temporarily restricted (Notes 2, 8 and 9)	204,198,709	105,047,256
Total Net Assets	212,033,446	111,002,370
	\$215,273,019	\$113,930,678

See accompanying notes to financial statements.

Human Rights Watch, Inc.
Statement of Activities
(with comparative totals for 2010)

Year ended June 30,

	Unrestricted	Temporarily Restricted	Total	
			2011	2010
Public Support and Revenue:				
Public support:				
Contributions and grants (Note 6)	\$23,723,470	\$104,447,801	\$128,171,271	\$ 34,060,398
Special events	8,033,304	-	8,033,304	6,693,816
Total Public Support	31,756,774	104,447,801	136,204,575	40,754,214
Revenue:				
Net investment income	224,707	12,802,815	13,027,522	5,926,640
Net investment income from limited partnerships	-	2,296,379	2,296,379	2,034,489
Publications	62,246	-	62,246	44,964
Other	79,352	-	79,352	36,233
Total Revenue	366,305	15,099,194	15,465,499	8,042,326
Net assets released from restrictions (Note 8)	17,395,542	(17,395,542)	-	-
Transfers	3,000,000	(3,000,000)	-	-
Total Public Support and Revenue	52,518,621	99,151,453	151,670,074	48,796,540
Expenses:				
Program services:				
Africa	5,859,910	-	5,859,910	5,263,931
Americas	1,331,448	-	1,331,448	1,204,866
Asia	4,629,535	-	4,629,535	3,824,840
Europe and Central Asia	4,123,959	-	4,123,959	3,729,262
Middle East and North Africa	3,104,643	-	3,104,643	2,487,143
United States	1,105,571	-	1,105,571	855,543
Children's Rights	1,551,463	-	1,551,463	1,422,990
Health and Human Rights	1,962,015	-	1,962,015	1,497,380
International Justice	1,325,749	-	1,325,749	1,276,024
Women's Rights	2,083,890	-	2,083,890	2,069,850
Other programs	11,384,854	-	11,384,854	9,589,236
Total Program Services	38,463,037	-	38,463,037	33,221,065
Supporting services:				
Management and general	3,130,051	-	3,130,051	2,344,370
Fundraising	9,045,910	-	9,045,910	8,587,204
Total Supporting Services	12,175,961	-	12,175,961	10,931,574
Total Expenses	50,638,998	-	50,638,998	44,152,639
Change in Net Assets:				
Unrestricted	1,879,623	-	1,879,623	(2,042,902)
Temporarily restricted	-	99,151,453	99,151,453	6,686,803
Total Change in Net Assets	1,879,623	99,151,453	101,031,076	4,643,901
Net Assets, Beginning of Year	5,955,114	105,047,256	111,002,370	106,358,469
Net Assets, End of Year	\$ 7,834,737	\$204,198,709	\$212,033,446	\$111,002,370

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Statement of Functional Expenses (with comparative totals for 2010)

Year ended June 30,

	Africa	Americas	Asia	Europe & Central Asia	Middle East & North Africa	United States	Children's Rights	Health & Human Rights	International Justice	Women's Rights	Other Programs	Total	Management and General	Fundraising	Total	2011	2010
Salaries and Related Expenses:																	
Salaries	\$2,636,367	\$ 672,894	\$2,274,863	\$1,905,660	\$1,437,180	\$ 626,051	\$ 802,501	\$ 991,575	\$ 738,049	\$1,144,153	\$ 5,029,430	\$18,258,723	\$1,216,692	\$2,829,386	\$ 4,046,078	\$22,304,801	\$20,135,888
Insurance and employee benefits	412,631	110,050	356,744	320,268	222,592	63,221	140,391	152,373	91,920	66,161	793,987	2,730,338	204,302	556,821	761,123	3,491,461	2,925,828
Retirement plans	207,672	46,484	182,381	123,536	75,392	36,143	68,277	64,628	59,845	48,922	336,833	1,250,113	90,712	197,127	287,839	1,537,952	1,405,917
Payroll taxes	235,331	48,531	138,207	204,418	110,514	50,303	79,666	76,673	88,806	88,529	466,121	1,587,099	109,825	309,617	419,442	2,006,541	1,988,060
Total Salaries and Related Expenses	3,492,001	877,959	2,952,195	2,553,882	1,845,678	775,718	1,090,835	1,285,249	978,620	1,347,765	6,626,371	23,826,273	1,621,531	3,892,951	5,514,482	29,340,755	26,455,693
Consultant's fees	105,699	61,555	136,362	139,774	65,852	6,549	4,217	76,580	3,779	30,255	770,278	1,400,900	21,106	292,923	314,029	1,714,929	1,236,068
Publications	170,550	27,060	127,313	129,053	194,404	19,808	45,933	65,239	29,140	48,386	131,776	988,662	68,878	21,641	90,519	1,079,181	892,457
Information services	27,254	6,616	24,413	22,252	14,559	10,045	13,874	13,733	6,783	10,835	41,715	192,079	32,974	8,800	41,774	233,853	229,712
Travel, meals and meetings	808,047	123,268	453,995	402,026	355,292	71,134	144,185	175,866	85,256	251,757	1,140,913	4,011,739	145,343	346,825	492,168	4,503,907	3,607,348
Outreach	-	-	-	-	-	-	-	-	-	-	359,322	359,322	-	-	-	359,322	576,653
Special projects	376,425	3,967	143,906	168,489	134,419	84	2,082	5,424	18	9,910	70,086	914,810	-	52,326	52,326	967,136	837,113
Special events	-	-	-	-	-	-	-	-	-	-	504,234	504,234	-	1,526,195	1,526,195	2,030,429	1,534,180
Direct mail	-	-	-	-	-	-	-	-	-	-	-	-	-	1,804,403	1,804,403	1,804,403	1,586,723
Rent	324,038	85,689	290,026	261,023	183,244	82,394	91,951	125,238	82,394	142,376	576,980	2,245,353	460,218	414,803	875,021	3,120,374	2,973,726
Office expenses	249,645	66,017	223,441	201,097	141,174	63,477	70,841	96,486	63,477	109,689	489,545	1,774,889	354,560	191,671	546,231	2,321,120	1,693,731
Postage and delivery	16,751	3,197	19,863	13,371	6,699	3,170	5,494	6,950	3,090	6,443	55,078	140,106	16,624	114,085	130,709	270,815	207,519
Telephone and fax	73,728	19,497	65,989	59,390	41,693	18,747	20,922	28,495	18,747	32,395	132,466	512,069	104,713	93,298	198,011	710,080	621,464
Professional fees	120,517	31,433	106,775	96,871	67,762	30,224	34,099	45,940	30,224	52,226	292,131	908,202	168,817	161,359	330,176	1,238,378	969,921
Total Expenses Before Depreciation and Amortization	5,764,655	1,306,258	4,544,278	4,047,228	3,050,776	1,081,350	1,524,433	1,925,200	1,301,528	2,042,037	11,190,895	37,778,638	2,994,764	8,921,280	11,916,044	49,694,682	43,422,308
Depreciation and Amortization	95,255	25,190	85,257	76,731	53,867	24,221	27,030	36,815	24,221	41,853	193,959	684,399	135,287	124,630	259,917	944,316	730,331
	\$5,859,910	\$1,331,448	\$4,629,535	\$4,123,959	\$3,104,643	\$1,105,571	\$1,551,463	\$1,962,015	\$1,325,749	\$2,083,890	\$11,384,854	\$38,463,037	\$3,130,051	\$9,045,910	\$12,175,961	\$50,638,998	\$44,152,639

See accompanying notes to financial statements.

Human Rights Watch, Inc.
Statement of Cash Flows
(with comparative totals for 2010)

<i>Year ended June 30,</i>	2011	2010
Cash Flows From Operating Activities:		
Change in net assets	\$101,031,076	\$ 4,643,901
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	944,316	730,331
Realized (gain) loss on investments	(4,945,478)	(3,163,724)
Unrealized (gain) loss on investments	(10,373,698)	(5,224,597)
Change in discount on contributions receivable	(7,812,487)	88,920
Decrease (increase) in assets:		
Contributions receivable	(69,119,547)	(973,459)
Other receivables	(221,254)	(336,071)
Prepaid expenses	(419,424)	(50,120)
Security deposits	6,257	(12,502)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	399,558	99,753
Accrued pension expense	6,194	2,265
Deferred rent	(93,392)	(70,565)
Deferred revenue	(1,095)	
Net Cash Provided By (Used In) Operating Activities	9,401,026	(4,265,868)
Cash Flows From Investing Activities:		
Net (purchases) sales of investments	(1,985,237)	2,795,766
Purchases of fixed assets	(1,647,923)	(675,722)
Net Cash Provided By (Used In) Investing Activities	(3,633,160)	2,120,044
Net Increase (Decrease) in Cash and Cash Equivalents	5,767,866	(2,145,824)
Cash and Cash Equivalents, Beginning of Year	18,869,076	21,014,900
Cash and Cash Equivalents, End of Year	\$ 24,636,942	\$18,869,076

See accompanying notes to financial statements.

Human Rights Watch, Inc.

Notes to Financial Statements

1. Nature of Organization

Human Rights Watch, Inc. ("HRW") is a nonprofit organization that works to stop human rights abuses. Currently, it monitors and promotes human rights in over 80 countries worldwide. Its program is divided into five parts for each region of the world plus the United States and thematic programs devoted to women's rights, children's rights, refugees, military affairs, international justice, terrorism/counterterrorism, the human rights responsibilities of corporations, gay and lesbian rights, and health and human rights.

HRW obtains financial support from the public - primarily individuals and foundations, but also estates, trusts and businesses. It does not seek or accept financial support from any government or government-funded agency. Principal offices in 2011 were located in New York, Washington, London, Brussels, Berlin, Chicago, Los Angeles, San Francisco, Toronto, Moscow, Geneva, Paris, Johannesburg and Tokyo.

2. Summary of Significant Accounting Policies

(a) General

The financial statements have been prepared on an accrual basis. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

(b) Financial Statement Presentation

The classification of HRW's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

- (i) Permanently Restricted* - Net assets resulting from contributions and other inflows of assets whose use by HRW is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of HRW pursuant to those stipulations.
- (ii) Temporarily Restricted* - Net assets resulting from contributions and other inflows of assets whose use by HRW is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of HRW pursuant to those stipulations.
- (iii) Unrestricted* - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(c) Cash and Cash Equivalents

HRW considers all money market funds and investments with maturities of three months or less at the time of purchase to be cash equivalents.

Human Rights Watch, Inc.

Notes to Financial Statements

(d) Contributions Receivable and Allowances

HRW reports unconditional promises to give as contributions. If amounts are expected to be collected within one year, they are recorded at net realized value. If amounts are expected to be collected in future years, they are recorded at the net present value of their estimated future cash flows.

HRW uses the allowance method for uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis and evaluation of specific promises made. While management uses the best information available to make its evaluation, future adjustments to allowance may be necessary if there are significant changes in economic conditions.

(e) Contributed Services

For the year ended June 30, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist HRW. HRW receives more than 5,000 volunteer hours per year.

(f) Investments at Fair Value

Investments are stated at fair value. All investments for which market values are not readily available (including investments which are subject to limitations as to their sale) are valued at fair value as determined in good faith by the management of HRW although the actual calculations may be done by others.

(g) Financial Instruments and Fair Value

Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures", establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as HRW would use in pricing HRW's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that can not be sourced from a broad active market in which assets or liabilities identical or similar to those of HRW are traded. HRW estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly-traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2 - Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Human Rights Watch, Inc.

Notes to Financial Statements

Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

(h) Investments in Limited Partnerships

HRW's investments in limited partnerships ("investment entities") are accounted for under the equity method. These investments are stated at fair value based upon HRW's equity interest reported by the investment entities. Income is recorded on a quarterly basis upon receipt of reports submitted by the investment entities.

Investment entities and other investment companies are selected by the Investment Committee which receives offering documents and performance history of each investment manager. The Investment Committee interviews the manager to determine whether the investment philosophy (particularly with respect to risk) and strategies of the partnership are in the best interests of HRW. Only after the Investment Committee makes a positive recommendation does HRW invest in an investment entity. In addition, the actions of the Investment Committee are subject to review and approval by the Board of Directors of HRW, as the case may be.

(i) Endowment Fund

The Endowment Fund represents the principal amount of gifts accepted with the stipulation of the donors or the Board of Directors that the principal be maintained intact until the occurrence of a specified event. The Endowment Fund has been established under a formal arrangement whereby HRW can spend no more than 5% of the Endowment Fund value, as defined, each year for operations. In the case of exceptional circumstances, as declared by a vote of two-thirds of the Board of Directors, HRW may spend more than the previously stated 5%. The net assets of the Endowment Fund relating to assets received as part of the 1998 Endowment Campaign have been designated as temporarily restricted. The Endowment Fund net asset value at June 30, 2011 was \$86,168,197.

(j) Investment Impairment

HRW's investments consist of corporate bonds, US government obligations, equity securities, mutual funds and limited partnerships. At June 30, 2011, HRW has deemed that all securities, which were in an unrealized loss position, were temporarily impaired. Positive evidence considered in reaching HRW's conclusion that the investments in an unrealized loss position are not other-than-temporarily impaired consisted of:

- (i)* there were no specific events which caused concerns;
- (ii)* HRW's ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value; and
- (iii)* HRW also determined that the changes in market value were considered normal in relation to overall fluctuations in market conditions.

(k) Fixed Assets

Fixed assets are recorded at cost when purchased. Depreciation is computed on an accelerated basis or on a straight-line basis over the estimated useful lives of the assets, as follows:

Furniture and fixtures	7 years
Office equipment	5 years
Computer hardware and software	5 years

Human Rights Watch, Inc.

Notes to Financial Statements

Leasehold improvements are depreciated over the shorter of the term of the lease or their useful lives.

(l) Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on an individual basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(m) Revenue Recognition

The operations of HRW are financed principally by foundation grants and contributions received from the general public. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or absence of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

(o) Income Taxes

HRW is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. HRW has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2011.

(p) Accounting for Uncertainty in Income Taxes

HRW adopted the provisions of ASC 740, "Income Taxes". Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. HRW does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. HRW has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, HRW has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2011, there was no interest or penalties recorded or included in the statements of activities.

(q) Concentration of Credit Risk

Financial instruments which potentially subject HRW to concentration of credit risk consist primarily of cash and cash equivalents. At various times, HRW has cash deposits at financial institutions which exceed the FDIC insurance limits.

Human Rights Watch, Inc.

Notes to Financial Statements

3. Fair Value Measurements

HRW's holdings in stocks consist principally of equity securities carried at their aggregate market value that is determined by quoted market prices. Each of the above investments can be liquidated daily. The valuation of the above is based on Level 1 inputs within the hierarchy used in measuring fair value.

HRW also has investments in mutual funds and fixed income securities which include corporate bonds and U.S. Treasury securities. The investment managers priced these investments using nationally recognized pricing services. Since fixed income securities other than U.S. Treasury securities may not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of similar securities, sector grouping and matrix pricing. The mutual funds are valued on a daily basis at the close of business day. Each mutual fund's net asset value ("NAV") is the value of a single share which is actively traded on national securities exchanges. These investments are classified as Level 2.

Alternative investments are those made in limited partnerships, offshore limited liability companies and private equity concerns, all of which are valued based on Level 3 inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, their fair value is estimated using information provided to HRW by the investment managers or general partners.

Below sets forth a table of assets measured at fair value as of:

<i>June 30,</i>	2011	2010
Corporate bonds	\$ 823,070	\$ 1,171,177
U.S. government obligations	22,802	31,338
Certificates of deposit	213,253	557,002
Equity securities	12,481,455	10,091,248
Mutual funds	45,905,117	34,699,189
Alternative investments and private equity	28,891,406	24,482,736
Total	\$88,337,103	\$71,032,690

Human Rights Watch, Inc.

Notes to Financial Statements

The following tables present the level within the fair value hierarchy at which HRW's financial assets are measured on a recurring basis at June 30, 2011 and 2010, respectively:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2011
Equity securities	\$12,481,455	\$ -	\$ -	\$12,481,455
Mutual funds	1,418,975	44,486,142	-	45,905,117
Corporate bonds and U.S. government obligations	-	845,872	-	845,872
Certificates of deposit	-	213,253	-	213,253
Alternative investments and private equity	-	-	28,891,406	28,891,406
	\$13,900,430	\$45,545,267	\$28,891,406	\$88,337,103
	16%	52%	32%	100%

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2010
Equity securities	\$10,091,248	\$ -	\$ -	\$10,091,248
Mutual funds	-	34,699,189	-	34,699,189
Corporate bonds and U.S. government obligations	-	1,202,515	-	1,202,515
Certificate of deposit	-	557,002	-	557,002
Alternative investments and private equity	-	-	24,482,736	24,482,736
	\$10,091,248	\$36,458,706	\$24,482,736	\$71,032,690
	14%	51%	35%	100%

The following tables set forth changes in the assets measured at fair value using Level 3 inputs on a recurring basis for the years ended June 30, 2011 and 2010:

Description	Balance at June 30, 2010	Capital Contribution	Sales	Realized Gain/(Loss)	Unrealized Gain (Loss)	Balance at June 30, 2011
Investment portfolio:						
Alternative investments	\$15,175,721	\$3,178,838	\$(3,957,534)	\$292,636	\$1,420,338	\$16,109,999
Alternative investments with earliest redemption greater than 1 year	4,419,932	4,500,798	(2,454,329)	11,411	583,311	7,061,122
Private equity	4,887,083	337,000	(913,770)	428,511	981,461	5,720,285
	\$24,482,736	\$8,016,636	\$(7,325,633)	\$732,558	\$2,985,110	\$28,891,406

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Notes to Financial Statements

Description	Balance at June 30, 2009	Capital Contribution	Sales	Realized Gain/(Loss)	Unrealized Gain (Loss)	Balance at June 30, 2010
Investment portfolio:						
Alternative investments	\$17,527,042	\$3,338,824	\$(8,063,000)	\$1,112,350	\$ 794,696	\$14,709,912
Alternative investments with earliest redemption greater than 1 year	-	5,000,000	-	-	(114,260)	4,885,740
Private equity	4,206,368	385,400	(228,301)	29,150	494,467	4,887,084
	\$21,733,410	\$8,724,224	\$(8,291,301)	\$1,141,500	\$1,174,903	\$24,482,736

The following tables represents the fair market value and gross unrealized losses for securities where the estimated fair value had declined and remained below cost by less than 12 months or 12 months or more as of June 30, 2011 and 2010:

Description of securities:	June 30, 2011					
	Less Than 12 Months		12 Months or More		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
Common stock	\$1,973,655	\$(247,633)	\$612,113	\$(271,756)	\$2,585,768	\$(519,389)

Description of securities:	June 30, 2010					
	Less Than 12 Months		12 Months or More		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
Common stock	\$2,891,633	\$(385,787)	\$1,695,137	\$(842,657)	\$4,586,770	\$(1,228,444)

In accordance with ASU 2009-12, HRW expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which the fair value is not readily determinable, as of June 30, 2011. The following table for June 30, 2011, sets forth a summary of the HRW's investments with a reported net asset value:

Fair Value Estimated Using Net Asset Value per Share at June 30, 2011						
Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period	
Anchorage Capital Partners Offshore, Ltd.	1,570,036	None	Every 24 months	None	45 days	
Davidson Kempner Distressed Opportunities International Ltd.	1,936,788	None	Annually	2-year lock-up	60 days	
Davidson Kempner Institutional Partners, L.P.	2,179,949	None	Quarterly	None	65 days	
Fir Tree International Value Fund, Ltd.	1,693,993	None	Every 24 months	None	60 days	
Kensico Offshore Fund II, Ltd.	1,981,186	None	Every 36 months	None	90 days	
Mason Capital, Ltd.	1,699,818	None	Annually	2-year lock-up	45 days	
Taconic Offshore Fund 1.5 Ltd.	1,536,241	None	Annually	None	60 days	
Valinor Capital Partners Offshore (1-C)	1,202,887	None	Annually	2-year lock-up	60 days	
Valinor Capital Partners Offshore (1-B Tranche 2)	1,197,964	None	Annually	1-year lock-up	60 days	

Human Rights Watch, Inc.

Notes to Financial Statements

4. Investments in Limited Partnerships

As of June 30, 2011, \$13,588,554 (15%) of HRW's investment portfolio consisted of interests in limited partnerships, which are engaged in a variety of investment strategies. As audited financial statements of these partnerships are only available as at the prior year end (December 31, 2010), HRW uses a valuation process to determine the value at the close of its fiscal year (June 30, 2011). The valuation process utilizes a variety of due diligence efforts including, but not limited to, advice of its investment advisors, Cambridge Associates, benchmarking data of comparable partnerships which are available, fund manager credentials, and queries of the partnerships by their independent auditors. Investment gains resulting from these investments was \$3,717,668 as of June 30, 2011.

These investment entities invest in various domestic and international types of securities and derivative financial instruments. Redemptions of HRW's investments in these investment entities vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. Management fees and incentive fees are charged by these investment entities at an annual rate ranging from .5% to 1.5% plus an incentive allocation, usually 20% of profits.

In general, risks associated with such investments include those related to their underlying investments.

There can be no assurance that HRW will continue to achieve the same level of returns on its investments in limited partnerships and other investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that HRW will receive a return of all or any portion of its current or future capital investments in limited partnerships and other investment companies. The failure of HRW to receive the return of a material portion of its capital investments in these investments, or to achieve historic levels of returns on such investments, could have a material adverse effect on HRW's financial condition and results of operations.

5. Contributions Receivable, Net

At June 30, 2011, the net present value of contributions receivable is \$97,673,792. Net present value was calculated using a discount rate equal to the risk-free interest rate, commensurate with the expected collection of the pledge based on the U.S. Treasury note interest rate in effect at the time contributions are made. The discount rate used in this calculation ranged from .45% to 2.95%.

Net present value of contributions receivable, net of a reserve for doubtful accounts, at June 30, 2011 is summarized below:

June 30, 2011

Total contributions receivable at June 30, 2011	\$106,136,912
Allowance for doubtful accounts	(240,875)
Total	105,896,037
Net present value discount	(8,222,245)
Net present value of contributions receivable at June 30, 2011	\$ 97,673,792

Human Rights Watch, Inc.

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Amount due in:	
One year	\$ 19,364,712
Two to five years	86,772,200
Total	\$106,136,912

6. Contributions and Grants

During the fiscal year ended June 30, 2011, HRW received a pledge from the Foundation to Promote Open Society, of which George Soros is Chairman, for general support totaling \$100,000,000. The grant will be paid in installments of \$10,000,000 over ten years and has been recorded as temporarily restricted income in the statement of activities at its net present value of \$91,862,153. The first installment of \$10,000,000 was received in January 2011.

7. Fixed Assets, Net

Fixed assets, net consist of the following:

June 30, 2011

Leasehold improvements	\$3,573,999
Furniture and fixtures	48,029
Office equipment	469,618
Computer hardware and software	3,503,936
	7,595,582
Less: Accumulated depreciation and amortization	(4,988,674)
	\$2,606,908

8. Temporarily Restricted Net Assets and Net Assets Released From Restrictions

Temporarily restricted net assets were available for the following purposes at June 30, 2011:

June 30, 2011

Donor-imposed time restrictions	\$118,030,512
Endowment fund	86,168,197
	\$204,198,709

Temporarily restricted net assets that were released from donor restrictions at June 30, 2011 are as follows:

Donor-imposed time restrictions	\$17,395,542
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Human Rights Watch, Inc.

Notes to Financial Statements

9. Endowments - Net Asset Classifications

HRW's endowments consist of investments that are temporarily restricted. Under ASC 958-205, the following applies to the endowment funds:

Interpretation of relevant law - the spending of endowment funds by a not-for-profit corporation in the State of New York is currently governed by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). HRW has interpreted NYPMIFA as requiring the preservation of the historical dollar value, or principal, of an endowment fund unless the donor provides otherwise by specifying in their written gift instruments that the not-for-profit corporation's spending-rate policy be applied to the endowment funds.

Investment and spending policies - HRW has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. The endowment funds are invested in vehicles such as government and equity securities, as well as alternative investments and private equity.

HRW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the funds;
- the purposes of HRW and the donor-restricted endowment funds;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation/depreciation of investments;
- other resources of HRW; and
- the investment policy of HRW.

For the year ended June 30, 2011, all assets included in HRW's Endowment Fund are as follows:

Year ended June 30, 2011

Cash and cash equivalents	\$ 30,831
Corporate bonds	823,070
U.S. government obligations	10,862,672
Certificate of deposit	213,253
Equity securities	39,598,360
Mutual funds	5,748,605
Alternative investments	28,891,406
Total	\$86,168,197

Human Rights Watch, Inc.

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The following table represents the reconciliation of changes in endowment net assets for the year ended June 30, 2011:

	Temporarily Restricted
Endowment net assets, beginning of year	\$74,069,004
Investment income:	
Investment income	1,973,965
Net appreciation (realized and unrealized)	13,507,472
Investment fees	(382,244)
Total investment income, net	15,099,193
Transfers	(3,000,000)
Endowment net assets, end of year	\$86,168,197

10. Retirement Plan

HRW has a tax deferred annuity plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Participating employees make pretax contributions of up to the maximum allowable IRS limitations. All full time U.S. employees are eligible to participate in the Plan as of their date of hire. Upon participation in the Plan, employees are 100% vested in their contributions.

HRW also has a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Each year, HRW contributes to the Plan 10% of each participant's before-tax compensation subject to annual IRS limitations. All full time U.S. employees are eligible to participate after two years of continuous employment. Participants become fully vested immediately following participation in the Plan. HRW's contribution for the year ended June 30, 2011 was \$1,260,533.

11. Commitments

Pursuant to facility and equipment lease agreements, HRW is obligated for minimum annual rentals to nonrelated parties, as indicated below. Minimum future annual rental payments under the lease agreements expiring in 2019 are as follows:

<i>Year ending June 30,</i>	
2012	\$2,060,404
2013	1,828,993
2014	1,842,985
2015	1,344,958
2016	573,392
Thereafter	1,754,993
	\$9,405,725

HRW leases office space in various countries on a month-to-month basis. Rent expense for the year ended June 30, 2011 amounted to \$3,245,202.

12. Subsequent Events

HRW's management has performed subsequent events procedures through September 30, 2011, which is the date the financial statements were available for issuance and there were no subsequent events requiring adjustments or disclosure to the financial statements.